best, inapplicable to modern conditions. Neither is the discount rate self-adjusting, as maintained by Goschen and Say, but its height depends upon the perspicacity of bank directors. The policy of *laissez-faire* is no longer practicable, since "left to itself, the balance of accounts may remain unfavorable long enough to bring about monetary exhaustion of the country and, by the forced circulation of notes, to provoke the instability of all values" (p. 74). A theoretical analysis of exchanges between countries possessed of the same standard is followed by a consideration of exchanges between gold-standard countries and those with a silver or inconvertible-paper valorimètre.

Part II deals with practical problems and methods of regulation. The various expedients to restrict the rate of exchange within the narrow limits of the "gold points" are considered in detail. The effects of the raising of the discount rate—the usual resort—and of other correctives, both monetary and extra-monetary, are studied in interesting chapters. The investigations close with an examination of the proper means by which to re-establish the stability of exchanges once it has been overthrown.

The author shows a thorough knowledge of his subject and an unusual acquaintance with the field of finance in general. His book is a well-written and valuable economic study, and even the most orthodox economist need not be daunted by the inscription on the cover: "*Travaux de l'Institut de Sociologie.*"

Report of the Commissioner of Corporations on the Tobacco Industry. Part II. Washington: Government Printing Office, 1911. 8vo, pp. xxi+343.

This report is a sequel to an earlier one which appeared in 1909 and dealt with the growth of the Tobacco Trust since 1890. The present report, however, is chiefly concerned with the capitalization, investment, and earnings of the combination.

After a painstaking analysis of these factors, it is concluded that there have been: (1) excessive capitalization; (2) excessively high rates of earnings on the actual investment; (3) increase of earnings with increase of effective control of the industry and vice versa; (4) the appropriation by a small group of "insiders" of a large share of the profits.

The report is valuable especially in being a study of overcapitalization of the principal companies of the combination. According to the findings of the Commissioner, this overcapitalization is the result of the overvaluation of the "good will" of the companies that were bought by the combination from time to time. The problem that presented itself to the Commissioner for solution was the ascertaining of the actual cost of the good will of the various companies. This of course was no easy matter. The method of solving this problem is given in detail in the report and brings out incidentally the general difficulties of evaluating the "intangible assets" of a corporation.